



98TH GENERAL ASSEMBLY

State of Illinois

2013 and 2014

HB1064

by Rep. Martin J Moylan

SYNOPSIS AS INTRODUCED:

15 ILCS 305/5	from Ch. 124, par. 5
35 ILCS 5/201	from Ch. 120, par. 2-201
35 ILCS 5/901	from Ch. 120, par. 9-901
30 ILCS 105/5.786 rep.	
30 ILCS 105/5.787 rep.	
30 ILCS 105/6z-85 rep.	
30 ILCS 105/6z-86 rep.	
35 ILCS 5/201.5 rep.	

Amends the Illinois Income Tax Act. Reduces the rate of tax to 3% for individuals, trusts, and estates and 4.8% for corporations. Makes corresponding changes concerning the distribution of tax proceeds. Removes a limitation providing that no net loss carryover deduction may exceed \$100,000 for any taxable year ending on or after December 31, 2012 and prior to December 31, 2014. Effective immediately.

LRB098 03858 HLH 33875 b

FISCAL NOTE ACT
MAY APPLY

A BILL FOR

1 AN ACT concerning revenue.

2 **Be it enacted by the People of the State of Illinois,**
3 **represented in the General Assembly:**

4 Section 5. The Secretary of State Act is amended by
5 changing Section 5 as follows:

6 (15 ILCS 305/5) (from Ch. 124, par. 5)

7 Sec. 5. It shall be the duty of the Secretary of State:

8 1. To countersign and affix the seal of state to all
9 commissions required by law to be issued by the Governor.

10 2. To make a register of all appointments by the Governor,
11 specifying the person appointed, the office conferred, the date
12 of the appointment, the date when bond or oath is taken and the
13 date filed. If Senate confirmation is required, the date of the
14 confirmation shall be included in the register.

15 3. To make proper indexes to public acts, resolutions,
16 papers and documents in his office.

17 3-a. To review all rules of all State agencies adopted in
18 compliance with the codification system prescribed by the
19 Secretary. The review shall be for the purposes and include all
20 the powers and duties provided in the Illinois Administrative
21 Procedure Act. The Secretary of State shall cooperate with the
22 Legislative Information System to insure the accuracy of the
23 text of the rules maintained under the Legislative Information

1 System Act.

2 4. To give any person requiring the same paying the lawful
3 fees therefor, a copy of any law, act, resolution, record or
4 paper in his office, and attach thereto his certificate, under
5 the seal of the state.

6 5. To take charge of and preserve from waste, and keep in
7 repair, the houses, lots, grounds and appurtenances, situated
8 in the City of Springfield, and belonging to or occupied by the
9 State, the care of which is not otherwise provided for by law,
10 and to take charge of and preserve from waste, and keep in
11 repair, the houses, lots, grounds and appurtenances, situated
12 in the State outside the City of Springfield where such houses,
13 lots, grounds and appurtenances are occupied by the Secretary
14 of State and no other State officer or agency.

15 6. To supervise the distribution of the laws.

16 7. To perform such other duties as may be required by law.
17 The Secretary of State may, within appropriations authorized by
18 the General Assembly, maintain offices in the State Capital and
19 in such other places in the State as he may deem necessary to
20 properly carry out the powers and duties vested in him by law.

21 8. In addition to all other authority granted to the
22 Secretary by law, subject to appropriation, to make grants or
23 otherwise provide assistance to, among others without
24 limitation, units of local government, school districts,
25 educational institutions, private agencies, not-for-profit
26 organizations, and for-profit entities for the health, safety,

1 and welfare of Illinois residents for purposes related to
2 education, transportation, construction, capital improvements,
3 social services, and any other lawful public purpose. Upon
4 request of the Secretary, all State agencies are mandated to
5 provide the Secretary with assistance in administering the
6 grants.

7 ~~9. To notify the Auditor General of any Public Act filed~~
8 ~~with the Office of the Secretary of State making an~~
9 ~~appropriation or transfer of funds from the State treasury.~~
10 ~~This paragraph (9) applies only through June 30, 2015.~~

11 (Source: P.A. 96-37, eff. 7-13-09; 96-1496, eff. 1-13-11.)

12 Section 10. The Illinois Income Tax Act is amended by
13 changing Sections 201 and 901 as follows:

14 (35 ILCS 5/201) (from Ch. 120, par. 2-201)

15 Sec. 201. Tax Imposed.

16 (a) In general. A tax measured by net income is hereby
17 imposed on every individual, corporation, trust and estate for
18 each taxable year ending after July 31, 1969 on the privilege
19 of earning or receiving income in or as a resident of this
20 State. Such tax shall be in addition to all other occupation or
21 privilege taxes imposed by this State or by any municipal
22 corporation or political subdivision thereof.

23 (b) Rates. The tax imposed by subsection (a) of this
24 Section shall be determined as follows, except as adjusted by

1 subsection (d-1):

2 (1) In the case of an individual, trust or estate, for
3 taxable years ending prior to July 1, 1989, an amount equal
4 to 2 1/2% of the taxpayer's net income for the taxable
5 year.

6 (2) In the case of an individual, trust or estate, for
7 taxable years beginning prior to July 1, 1989 and ending
8 after June 30, 1989, an amount equal to the sum of (i) 2
9 1/2% of the taxpayer's net income for the period prior to
10 July 1, 1989, as calculated under Section 202.3, and (ii)
11 3% of the taxpayer's net income for the period after June
12 30, 1989, as calculated under Section 202.3.

13 (3) In the case of an individual, trust or estate, for
14 taxable years beginning after June 30, 1989, and ending
15 prior to January 1, 2011, an amount equal to 3% of the
16 taxpayer's net income for the taxable year.

17 (4) In the case of an individual, trust, or estate, for
18 taxable years beginning prior to January 1, 2011, and
19 ending after December 31, 2010, an amount equal to the sum
20 of (i) 3% of the taxpayer's net income for the period prior
21 to January 1, 2011, as calculated under Section 202.5, and
22 (ii) 5% of the taxpayer's net income for the period after
23 December 31, 2010, as calculated under Section 202.5.

24 (5) In the case of an individual, trust, or estate, for
25 taxable years beginning on or after January 1, 2011, and
26 ending prior to January 1, 2013, ~~January 1, 2015~~, an amount

1 equal to 5% of the taxpayer's net income for the taxable
2 year.

3 (5.1) In the case of an individual, trust, or estate,
4 for taxable years beginning prior to January 1, 2013,
5 ~~January 1, 2015,~~ and ending after December 31, 2012,
6 ~~December 31, 2014,~~ an amount equal to the sum of (i) 5% of
7 the taxpayer's net income for the period prior to January
8 1, 2013, ~~January 1, 2015,~~ as calculated under Section
9 202.5, and (ii) 3% ~~3.75%~~ of the taxpayer's net income for
10 the period after December 31, 2012, ~~December 31, 2014,~~ as
11 calculated under Section 202.5.

12 (5.2) In the case of an individual, trust, or estate,
13 for taxable years beginning on or after January 1, 2013,
14 ~~January 1, 2015,~~ and ending prior to ~~January 1, 2025,~~ an
15 amount equal to 3% ~~3.75%~~ of the taxpayer's net income for
16 the taxable year.

17 (5.3) (Blank). ~~In the case of an individual, trust, or~~
18 ~~estate, for taxable years beginning prior to January 1,~~
19 ~~2025, and ending after December 31, 2024, an amount equal~~
20 ~~to the sum of (i) 3.75% of the taxpayer's net income for~~
21 ~~the period prior to January 1, 2025, as calculated under~~
22 ~~Section 202.5, and (ii) 3.25% of the taxpayer's net income~~
23 ~~for the period after December 31, 2024, as calculated under~~
24 ~~Section 202.5.~~

25 (5.4) (Blank). ~~In the case of an individual, trust, or~~
26 ~~estate, for taxable years beginning on or after January 1,~~

1 ~~2025, an amount equal to 3.25% of the taxpayer's net income~~
2 ~~for the taxable year.~~

3 (6) In the case of a corporation, for taxable years
4 ending prior to July 1, 1989, an amount equal to 4% of the
5 taxpayer's net income for the taxable year.

6 (7) In the case of a corporation, for taxable years
7 beginning prior to July 1, 1989 and ending after June 30,
8 1989, an amount equal to the sum of (i) 4% of the
9 taxpayer's net income for the period prior to July 1, 1989,
10 as calculated under Section 202.3, and (ii) 4.8% of the
11 taxpayer's net income for the period after June 30, 1989,
12 as calculated under Section 202.3.

13 (8) In the case of a corporation, for taxable years
14 beginning after June 30, 1989, and ending prior to January
15 1, 2011, an amount equal to 4.8% of the taxpayer's net
16 income for the taxable year.

17 (9) In the case of a corporation, for taxable years
18 beginning prior to January 1, 2011, and ending after
19 December 31, 2010, an amount equal to the sum of (i) 4.8%
20 of the taxpayer's net income for the period prior to
21 January 1, 2011, as calculated under Section 202.5, and
22 (ii) 7% of the taxpayer's net income for the period after
23 December 31, 2010, as calculated under Section 202.5.

24 (10) In the case of a corporation, for taxable years
25 beginning on or after January 1, 2011, and ending prior to
26 January 1, 2013, ~~January 1, 2015,~~ an amount equal to 7% of

1 the taxpayer's net income for the taxable year.

2 (11) In the case of a corporation, for taxable years
3 beginning prior to January 1, 2013, ~~January 1, 2015,~~ and
4 ending after December 31, 2012, ~~December 31, 2014,~~ an
5 amount equal to the sum of (i) 7% of the taxpayer's net
6 income for the period prior to January 1, 2013, ~~January 1,~~
7 ~~2015,~~ as calculated under Section 202.5, and (ii) 4.8%
8 ~~5.25%~~ of the taxpayer's net income for the period after
9 December 31, 2012, ~~December 31, 2014,~~ as calculated under
10 Section 202.5.

11 (12) In the case of a corporation, for taxable years
12 beginning on or after January 1, 2013, ~~January 1, 2015,~~ and
13 ~~ending prior to January 1, 2025,~~ an amount equal to 4.8%
14 ~~5.25%~~ of the taxpayer's net income for the taxable year.

15 (13) (Blank). ~~In the case of a corporation, for taxable~~
16 ~~years beginning prior to January 1, 2025, and ending after~~
17 ~~December 31, 2024, an amount equal to the sum of (i) 5.25%~~
18 ~~of the taxpayer's net income for the period prior to~~
19 ~~January 1, 2025, as calculated under Section 202.5, and~~
20 ~~(ii) 4.8% of the taxpayer's net income for the period after~~
21 ~~December 31, 2024, as calculated under Section 202.5.~~

22 (14) (Blank). ~~In the case of a corporation, for taxable~~
23 ~~years beginning on or after January 1, 2025, an amount~~
24 ~~equal to 4.8% of the taxpayer's net income for the taxable~~
25 ~~year.~~

26 ~~The rates under this subsection (b) are subject to the~~

1 ~~provisions of Section 201.5.~~

2 (c) Personal Property Tax Replacement Income Tax.
3 Beginning on July 1, 1979 and thereafter, in addition to such
4 income tax, there is also hereby imposed the Personal Property
5 Tax Replacement Income Tax measured by net income on every
6 corporation (including Subchapter S corporations), partnership
7 and trust, for each taxable year ending after June 30, 1979.
8 Such taxes are imposed on the privilege of earning or receiving
9 income in or as a resident of this State. The Personal Property
10 Tax Replacement Income Tax shall be in addition to the income
11 tax imposed by subsections (a) and (b) of this Section and in
12 addition to all other occupation or privilege taxes imposed by
13 this State or by any municipal corporation or political
14 subdivision thereof.

15 (d) Additional Personal Property Tax Replacement Income
16 Tax Rates. The personal property tax replacement income tax
17 imposed by this subsection and subsection (c) of this Section
18 in the case of a corporation, other than a Subchapter S
19 corporation and except as adjusted by subsection (d-1), shall
20 be an additional amount equal to 2.85% of such taxpayer's net
21 income for the taxable year, except that beginning on January
22 1, 1981, and thereafter, the rate of 2.85% specified in this
23 subsection shall be reduced to 2.5%, and in the case of a
24 partnership, trust or a Subchapter S corporation shall be an
25 additional amount equal to 1.5% of such taxpayer's net income
26 for the taxable year.

1 (d-1) Rate reduction for certain foreign insurers. In the
2 case of a foreign insurer, as defined by Section 35A-5 of the
3 Illinois Insurance Code, whose state or country of domicile
4 imposes on insurers domiciled in Illinois a retaliatory tax
5 (excluding any insurer whose premiums from reinsurance assumed
6 are 50% or more of its total insurance premiums as determined
7 under paragraph (2) of subsection (b) of Section 304, except
8 that for purposes of this determination premiums from
9 reinsurance do not include premiums from inter-affiliate
10 reinsurance arrangements), beginning with taxable years ending
11 on or after December 31, 1999, the sum of the rates of tax
12 imposed by subsections (b) and (d) shall be reduced (but not
13 increased) to the rate at which the total amount of tax imposed
14 under this Act, net of all credits allowed under this Act,
15 shall equal (i) the total amount of tax that would be imposed
16 on the foreign insurer's net income allocable to Illinois for
17 the taxable year by such foreign insurer's state or country of
18 domicile if that net income were subject to all income taxes
19 and taxes measured by net income imposed by such foreign
20 insurer's state or country of domicile, net of all credits
21 allowed or (ii) a rate of zero if no such tax is imposed on such
22 income by the foreign insurer's state of domicile. For the
23 purposes of this subsection (d-1), an inter-affiliate includes
24 a mutual insurer under common management.

25 (1) For the purposes of subsection (d-1), in no event
26 shall the sum of the rates of tax imposed by subsections

1 (b) and (d) be reduced below the rate at which the sum of:

2 (A) the total amount of tax imposed on such foreign
3 insurer under this Act for a taxable year, net of all
4 credits allowed under this Act, plus

5 (B) the privilege tax imposed by Section 409 of the
6 Illinois Insurance Code, the fire insurance company
7 tax imposed by Section 12 of the Fire Investigation
8 Act, and the fire department taxes imposed under
9 Section 11-10-1 of the Illinois Municipal Code,
10 equals 1.25% for taxable years ending prior to December 31,
11 2003, or 1.75% for taxable years ending on or after
12 December 31, 2003, of the net taxable premiums written for
13 the taxable year, as described by subsection (1) of Section
14 409 of the Illinois Insurance Code. This paragraph will in
15 no event increase the rates imposed under subsections (b)
16 and (d).

17 (2) Any reduction in the rates of tax imposed by this
18 subsection shall be applied first against the rates imposed
19 by subsection (b) and only after the tax imposed by
20 subsection (a) net of all credits allowed under this
21 Section other than the credit allowed under subsection (i)
22 has been reduced to zero, against the rates imposed by
23 subsection (d).

24 This subsection (d-1) is exempt from the provisions of
25 Section 250.

26 (e) Investment credit. A taxpayer shall be allowed a credit

1 against the Personal Property Tax Replacement Income Tax for
2 investment in qualified property.

3 (1) A taxpayer shall be allowed a credit equal to .5%
4 of the basis of qualified property placed in service during
5 the taxable year, provided such property is placed in
6 service on or after July 1, 1984. There shall be allowed an
7 additional credit equal to .5% of the basis of qualified
8 property placed in service during the taxable year,
9 provided such property is placed in service on or after
10 July 1, 1986, and the taxpayer's base employment within
11 Illinois has increased by 1% or more over the preceding
12 year as determined by the taxpayer's employment records
13 filed with the Illinois Department of Employment Security.
14 Taxpayers who are new to Illinois shall be deemed to have
15 met the 1% growth in base employment for the first year in
16 which they file employment records with the Illinois
17 Department of Employment Security. The provisions added to
18 this Section by Public Act 85-1200 (and restored by Public
19 Act 87-895) shall be construed as declaratory of existing
20 law and not as a new enactment. If, in any year, the
21 increase in base employment within Illinois over the
22 preceding year is less than 1%, the additional credit shall
23 be limited to that percentage times a fraction, the
24 numerator of which is .5% and the denominator of which is
25 1%, but shall not exceed .5%. The investment credit shall
26 not be allowed to the extent that it would reduce a

1 taxpayer's liability in any tax year below zero, nor may
2 any credit for qualified property be allowed for any year
3 other than the year in which the property was placed in
4 service in Illinois. For tax years ending on or after
5 December 31, 1987, and on or before December 31, 1988, the
6 credit shall be allowed for the tax year in which the
7 property is placed in service, or, if the amount of the
8 credit exceeds the tax liability for that year, whether it
9 exceeds the original liability or the liability as later
10 amended, such excess may be carried forward and applied to
11 the tax liability of the 5 taxable years following the
12 excess credit years if the taxpayer (i) makes investments
13 which cause the creation of a minimum of 2,000 full-time
14 equivalent jobs in Illinois, (ii) is located in an
15 enterprise zone established pursuant to the Illinois
16 Enterprise Zone Act and (iii) is certified by the
17 Department of Commerce and Community Affairs (now
18 Department of Commerce and Economic Opportunity) as
19 complying with the requirements specified in clause (i) and
20 (ii) by July 1, 1986. The Department of Commerce and
21 Community Affairs (now Department of Commerce and Economic
22 Opportunity) shall notify the Department of Revenue of all
23 such certifications immediately. For tax years ending
24 after December 31, 1988, the credit shall be allowed for
25 the tax year in which the property is placed in service,
26 or, if the amount of the credit exceeds the tax liability

1 for that year, whether it exceeds the original liability or
2 the liability as later amended, such excess may be carried
3 forward and applied to the tax liability of the 5 taxable
4 years following the excess credit years. The credit shall
5 be applied to the earliest year for which there is a
6 liability. If there is credit from more than one tax year
7 that is available to offset a liability, earlier credit
8 shall be applied first.

9 (2) The term "qualified property" means property
10 which:

11 (A) is tangible, whether new or used, including
12 buildings and structural components of buildings and
13 signs that are real property, but not including land or
14 improvements to real property that are not a structural
15 component of a building such as landscaping, sewer
16 lines, local access roads, fencing, parking lots, and
17 other appurtenances;

18 (B) is depreciable pursuant to Section 167 of the
19 Internal Revenue Code, except that "3-year property"
20 as defined in Section 168(c)(2)(A) of that Code is not
21 eligible for the credit provided by this subsection
22 (e);

23 (C) is acquired by purchase as defined in Section
24 179(d) of the Internal Revenue Code;

25 (D) is used in Illinois by a taxpayer who is
26 primarily engaged in manufacturing, or in mining coal

1 or fluorite, or in retailing, or was placed in service
2 on or after July 1, 2006 in a River Edge Redevelopment
3 Zone established pursuant to the River Edge
4 Redevelopment Zone Act; and

5 (E) has not previously been used in Illinois in
6 such a manner and by such a person as would qualify for
7 the credit provided by this subsection (e) or
8 subsection (f).

9 (3) For purposes of this subsection (e),
10 "manufacturing" means the material staging and production
11 of tangible personal property by procedures commonly
12 regarded as manufacturing, processing, fabrication, or
13 assembling which changes some existing material into new
14 shapes, new qualities, or new combinations. For purposes of
15 this subsection (e) the term "mining" shall have the same
16 meaning as the term "mining" in Section 613(c) of the
17 Internal Revenue Code. For purposes of this subsection (e),
18 the term "retailing" means the sale of tangible personal
19 property for use or consumption and not for resale, or
20 services rendered in conjunction with the sale of tangible
21 personal property for use or consumption and not for
22 resale. For purposes of this subsection (e), "tangible
23 personal property" has the same meaning as when that term
24 is used in the Retailers' Occupation Tax Act, and, for
25 taxable years ending after December 31, 2008, does not
26 include the generation, transmission, or distribution of

1 electricity.

2 (4) The basis of qualified property shall be the basis
3 used to compute the depreciation deduction for federal
4 income tax purposes.

5 (5) If the basis of the property for federal income tax
6 depreciation purposes is increased after it has been placed
7 in service in Illinois by the taxpayer, the amount of such
8 increase shall be deemed property placed in service on the
9 date of such increase in basis.

10 (6) The term "placed in service" shall have the same
11 meaning as under Section 46 of the Internal Revenue Code.

12 (7) If during any taxable year, any property ceases to
13 be qualified property in the hands of the taxpayer within
14 48 months after being placed in service, or the situs of
15 any qualified property is moved outside Illinois within 48
16 months after being placed in service, the Personal Property
17 Tax Replacement Income Tax for such taxable year shall be
18 increased. Such increase shall be determined by (i)
19 recomputing the investment credit which would have been
20 allowed for the year in which credit for such property was
21 originally allowed by eliminating such property from such
22 computation and, (ii) subtracting such recomputed credit
23 from the amount of credit previously allowed. For the
24 purposes of this paragraph (7), a reduction of the basis of
25 qualified property resulting from a redetermination of the
26 purchase price shall be deemed a disposition of qualified

1 property to the extent of such reduction.

2 (8) Unless the investment credit is extended by law,
3 the basis of qualified property shall not include costs
4 incurred after December 31, 2018, except for costs incurred
5 pursuant to a binding contract entered into on or before
6 December 31, 2018.

7 (9) Each taxable year ending before December 31, 2000,
8 a partnership may elect to pass through to its partners the
9 credits to which the partnership is entitled under this
10 subsection (e) for the taxable year. A partner may use the
11 credit allocated to him or her under this paragraph only
12 against the tax imposed in subsections (c) and (d) of this
13 Section. If the partnership makes that election, those
14 credits shall be allocated among the partners in the
15 partnership in accordance with the rules set forth in
16 Section 704(b) of the Internal Revenue Code, and the rules
17 promulgated under that Section, and the allocated amount of
18 the credits shall be allowed to the partners for that
19 taxable year. The partnership shall make this election on
20 its Personal Property Tax Replacement Income Tax return for
21 that taxable year. The election to pass through the credits
22 shall be irrevocable.

23 For taxable years ending on or after December 31, 2000,
24 a partner that qualifies its partnership for a subtraction
25 under subparagraph (I) of paragraph (2) of subsection (d)
26 of Section 203 or a shareholder that qualifies a Subchapter

1 S corporation for a subtraction under subparagraph (S) of
2 paragraph (2) of subsection (b) of Section 203 shall be
3 allowed a credit under this subsection (e) equal to its
4 share of the credit earned under this subsection (e) during
5 the taxable year by the partnership or Subchapter S
6 corporation, determined in accordance with the
7 determination of income and distributive share of income
8 under Sections 702 and 704 and Subchapter S of the Internal
9 Revenue Code. This paragraph is exempt from the provisions
10 of Section 250.

11 (f) Investment credit; Enterprise Zone; River Edge
12 Redevelopment Zone.

13 (1) A taxpayer shall be allowed a credit against the
14 tax imposed by subsections (a) and (b) of this Section for
15 investment in qualified property which is placed in service
16 in an Enterprise Zone created pursuant to the Illinois
17 Enterprise Zone Act or, for property placed in service on
18 or after July 1, 2006, a River Edge Redevelopment Zone
19 established pursuant to the River Edge Redevelopment Zone
20 Act. For partners, shareholders of Subchapter S
21 corporations, and owners of limited liability companies,
22 if the liability company is treated as a partnership for
23 purposes of federal and State income taxation, there shall
24 be allowed a credit under this subsection (f) to be
25 determined in accordance with the determination of income
26 and distributive share of income under Sections 702 and 704

1 and Subchapter S of the Internal Revenue Code. The credit
2 shall be .5% of the basis for such property. The credit
3 shall be available only in the taxable year in which the
4 property is placed in service in the Enterprise Zone or
5 River Edge Redevelopment Zone and shall not be allowed to
6 the extent that it would reduce a taxpayer's liability for
7 the tax imposed by subsections (a) and (b) of this Section
8 to below zero. For tax years ending on or after December
9 31, 1985, the credit shall be allowed for the tax year in
10 which the property is placed in service, or, if the amount
11 of the credit exceeds the tax liability for that year,
12 whether it exceeds the original liability or the liability
13 as later amended, such excess may be carried forward and
14 applied to the tax liability of the 5 taxable years
15 following the excess credit year. The credit shall be
16 applied to the earliest year for which there is a
17 liability. If there is credit from more than one tax year
18 that is available to offset a liability, the credit
19 accruing first in time shall be applied first.

20 (2) The term qualified property means property which:

21 (A) is tangible, whether new or used, including
22 buildings and structural components of buildings;

23 (B) is depreciable pursuant to Section 167 of the
24 Internal Revenue Code, except that "3-year property"
25 as defined in Section 168(c)(2)(A) of that Code is not
26 eligible for the credit provided by this subsection

1 (f);

2 (C) is acquired by purchase as defined in Section
3 179(d) of the Internal Revenue Code;

4 (D) is used in the Enterprise Zone or River Edge
5 Redevelopment Zone by the taxpayer; and

6 (E) has not been previously used in Illinois in
7 such a manner and by such a person as would qualify for
8 the credit provided by this subsection (f) or
9 subsection (e).

10 (3) The basis of qualified property shall be the basis
11 used to compute the depreciation deduction for federal
12 income tax purposes.

13 (4) If the basis of the property for federal income tax
14 depreciation purposes is increased after it has been placed
15 in service in the Enterprise Zone or River Edge
16 Redevelopment Zone by the taxpayer, the amount of such
17 increase shall be deemed property placed in service on the
18 date of such increase in basis.

19 (5) The term "placed in service" shall have the same
20 meaning as under Section 46 of the Internal Revenue Code.

21 (6) If during any taxable year, any property ceases to
22 be qualified property in the hands of the taxpayer within
23 48 months after being placed in service, or the situs of
24 any qualified property is moved outside the Enterprise Zone
25 or River Edge Redevelopment Zone within 48 months after
26 being placed in service, the tax imposed under subsections

1 (a) and (b) of this Section for such taxable year shall be
2 increased. Such increase shall be determined by (i)
3 recomputing the investment credit which would have been
4 allowed for the year in which credit for such property was
5 originally allowed by eliminating such property from such
6 computation, and (ii) subtracting such recomputed credit
7 from the amount of credit previously allowed. For the
8 purposes of this paragraph (6), a reduction of the basis of
9 qualified property resulting from a redetermination of the
10 purchase price shall be deemed a disposition of qualified
11 property to the extent of such reduction.

12 (7) There shall be allowed an additional credit equal
13 to 0.5% of the basis of qualified property placed in
14 service during the taxable year in a River Edge
15 Redevelopment Zone, provided such property is placed in
16 service on or after July 1, 2006, and the taxpayer's base
17 employment within Illinois has increased by 1% or more over
18 the preceding year as determined by the taxpayer's
19 employment records filed with the Illinois Department of
20 Employment Security. Taxpayers who are new to Illinois
21 shall be deemed to have met the 1% growth in base
22 employment for the first year in which they file employment
23 records with the Illinois Department of Employment
24 Security. If, in any year, the increase in base employment
25 within Illinois over the preceding year is less than 1%,
26 the additional credit shall be limited to that percentage

1 times a fraction, the numerator of which is 0.5% and the
2 denominator of which is 1%, but shall not exceed 0.5%.

3 (g) Jobs Tax Credit; River Edge Redevelopment Zone and
4 Foreign Trade Zone or Sub-Zone.

5 (1) A taxpayer conducting a trade or business, for
6 taxable years ending on or after December 31, 2006, in a
7 River Edge Redevelopment Zone or conducting a trade or
8 business in a federally designated Foreign Trade Zone or
9 Sub-Zone shall be allowed a credit against the tax imposed
10 by subsections (a) and (b) of this Section in the amount of
11 \$500 per eligible employee hired to work in the zone during
12 the taxable year.

13 (2) To qualify for the credit:

14 (A) the taxpayer must hire 5 or more eligible
15 employees to work in a River Edge Redevelopment Zone or
16 federally designated Foreign Trade Zone or Sub-Zone
17 during the taxable year;

18 (B) the taxpayer's total employment within the
19 River Edge Redevelopment Zone or federally designated
20 Foreign Trade Zone or Sub-Zone must increase by 5 or
21 more full-time employees beyond the total employed in
22 that zone at the end of the previous tax year for which
23 a jobs tax credit under this Section was taken, or
24 beyond the total employed by the taxpayer as of
25 December 31, 1985, whichever is later; and

26 (C) the eligible employees must be employed 180

1 consecutive days in order to be deemed hired for
2 purposes of this subsection.

3 (3) An "eligible employee" means an employee who is:

4 (A) Certified by the Department of Commerce and
5 Economic Opportunity as "eligible for services"
6 pursuant to regulations promulgated in accordance with
7 Title II of the Job Training Partnership Act, Training
8 Services for the Disadvantaged or Title III of the Job
9 Training Partnership Act, Employment and Training
10 Assistance for Dislocated Workers Program.

11 (B) Hired after the River Edge Redevelopment Zone
12 or federally designated Foreign Trade Zone or Sub-Zone
13 was designated or the trade or business was located in
14 that zone, whichever is later.

15 (C) Employed in the River Edge Redevelopment Zone
16 or Foreign Trade Zone or Sub-Zone. An employee is
17 employed in a federally designated Foreign Trade Zone
18 or Sub-Zone if his services are rendered there or it is
19 the base of operations for the services performed.

20 (D) A full-time employee working 30 or more hours
21 per week.

22 (4) For tax years ending on or after December 31, 1985
23 and prior to December 31, 1988, the credit shall be allowed
24 for the tax year in which the eligible employees are hired.
25 For tax years ending on or after December 31, 1988, the
26 credit shall be allowed for the tax year immediately

1 following the tax year in which the eligible employees are
2 hired. If the amount of the credit exceeds the tax
3 liability for that year, whether it exceeds the original
4 liability or the liability as later amended, such excess
5 may be carried forward and applied to the tax liability of
6 the 5 taxable years following the excess credit year. The
7 credit shall be applied to the earliest year for which
8 there is a liability. If there is credit from more than one
9 tax year that is available to offset a liability, earlier
10 credit shall be applied first.

11 (5) The Department of Revenue shall promulgate such
12 rules and regulations as may be deemed necessary to carry
13 out the purposes of this subsection (g).

14 (6) The credit shall be available for eligible
15 employees hired on or after January 1, 1986.

16 (h) Investment credit; High Impact Business.

17 (1) Subject to subsections (b) and (b-5) of Section 5.5
18 of the Illinois Enterprise Zone Act, a taxpayer shall be
19 allowed a credit against the tax imposed by subsections (a)
20 and (b) of this Section for investment in qualified
21 property which is placed in service by a Department of
22 Commerce and Economic Opportunity designated High Impact
23 Business. The credit shall be .5% of the basis for such
24 property. The credit shall not be available (i) until the
25 minimum investments in qualified property set forth in
26 subdivision (a)(3)(A) of Section 5.5 of the Illinois

1 Enterprise Zone Act have been satisfied or (ii) until the
2 time authorized in subsection (b-5) of the Illinois
3 Enterprise Zone Act for entities designated as High Impact
4 Businesses under subdivisions (a)(3)(B), (a)(3)(C), and
5 (a)(3)(D) of Section 5.5 of the Illinois Enterprise Zone
6 Act, and shall not be allowed to the extent that it would
7 reduce a taxpayer's liability for the tax imposed by
8 subsections (a) and (b) of this Section to below zero. The
9 credit applicable to such investments shall be taken in the
10 taxable year in which such investments have been completed.
11 The credit for additional investments beyond the minimum
12 investment by a designated high impact business authorized
13 under subdivision (a)(3)(A) of Section 5.5 of the Illinois
14 Enterprise Zone Act shall be available only in the taxable
15 year in which the property is placed in service and shall
16 not be allowed to the extent that it would reduce a
17 taxpayer's liability for the tax imposed by subsections (a)
18 and (b) of this Section to below zero. For tax years ending
19 on or after December 31, 1987, the credit shall be allowed
20 for the tax year in which the property is placed in
21 service, or, if the amount of the credit exceeds the tax
22 liability for that year, whether it exceeds the original
23 liability or the liability as later amended, such excess
24 may be carried forward and applied to the tax liability of
25 the 5 taxable years following the excess credit year. The
26 credit shall be applied to the earliest year for which

1 there is a liability. If there is credit from more than one
2 tax year that is available to offset a liability, the
3 credit accruing first in time shall be applied first.

4 Changes made in this subdivision (h) (1) by Public Act
5 88-670 restore changes made by Public Act 85-1182 and
6 reflect existing law.

7 (2) The term qualified property means property which:

8 (A) is tangible, whether new or used, including
9 buildings and structural components of buildings;

10 (B) is depreciable pursuant to Section 167 of the
11 Internal Revenue Code, except that "3-year property"
12 as defined in Section 168(c) (2) (A) of that Code is not
13 eligible for the credit provided by this subsection
14 (h);

15 (C) is acquired by purchase as defined in Section
16 179(d) of the Internal Revenue Code; and

17 (D) is not eligible for the Enterprise Zone
18 Investment Credit provided by subsection (f) of this
19 Section.

20 (3) The basis of qualified property shall be the basis
21 used to compute the depreciation deduction for federal
22 income tax purposes.

23 (4) If the basis of the property for federal income tax
24 depreciation purposes is increased after it has been placed
25 in service in a federally designated Foreign Trade Zone or
26 Sub-Zone located in Illinois by the taxpayer, the amount of

1 such increase shall be deemed property placed in service on
2 the date of such increase in basis.

3 (5) The term "placed in service" shall have the same
4 meaning as under Section 46 of the Internal Revenue Code.

5 (6) If during any taxable year ending on or before
6 December 31, 1996, any property ceases to be qualified
7 property in the hands of the taxpayer within 48 months
8 after being placed in service, or the situs of any
9 qualified property is moved outside Illinois within 48
10 months after being placed in service, the tax imposed under
11 subsections (a) and (b) of this Section for such taxable
12 year shall be increased. Such increase shall be determined
13 by (i) recomputing the investment credit which would have
14 been allowed for the year in which credit for such property
15 was originally allowed by eliminating such property from
16 such computation, and (ii) subtracting such recomputed
17 credit from the amount of credit previously allowed. For
18 the purposes of this paragraph (6), a reduction of the
19 basis of qualified property resulting from a
20 redetermination of the purchase price shall be deemed a
21 disposition of qualified property to the extent of such
22 reduction.

23 (7) Beginning with tax years ending after December 31,
24 1996, if a taxpayer qualifies for the credit under this
25 subsection (h) and thereby is granted a tax abatement and
26 the taxpayer relocates its entire facility in violation of

1 the explicit terms and length of the contract under Section
2 18-183 of the Property Tax Code, the tax imposed under
3 subsections (a) and (b) of this Section shall be increased
4 for the taxable year in which the taxpayer relocated its
5 facility by an amount equal to the amount of credit
6 received by the taxpayer under this subsection (h).

7 (i) Credit for Personal Property Tax Replacement Income
8 Tax. For tax years ending prior to December 31, 2003, a credit
9 shall be allowed against the tax imposed by subsections (a) and
10 (b) of this Section for the tax imposed by subsections (c) and
11 (d) of this Section. This credit shall be computed by
12 multiplying the tax imposed by subsections (c) and (d) of this
13 Section by a fraction, the numerator of which is base income
14 allocable to Illinois and the denominator of which is Illinois
15 base income, and further multiplying the product by the tax
16 rate imposed by subsections (a) and (b) of this Section.

17 Any credit earned on or after December 31, 1986 under this
18 subsection which is unused in the year the credit is computed
19 because it exceeds the tax liability imposed by subsections (a)
20 and (b) for that year (whether it exceeds the original
21 liability or the liability as later amended) may be carried
22 forward and applied to the tax liability imposed by subsections
23 (a) and (b) of the 5 taxable years following the excess credit
24 year, provided that no credit may be carried forward to any
25 year ending on or after December 31, 2003. This credit shall be
26 applied first to the earliest year for which there is a

1 liability. If there is a credit under this subsection from more
2 than one tax year that is available to offset a liability the
3 earliest credit arising under this subsection shall be applied
4 first.

5 If, during any taxable year ending on or after December 31,
6 1986, the tax imposed by subsections (c) and (d) of this
7 Section for which a taxpayer has claimed a credit under this
8 subsection (i) is reduced, the amount of credit for such tax
9 shall also be reduced. Such reduction shall be determined by
10 recomputing the credit to take into account the reduced tax
11 imposed by subsections (c) and (d). If any portion of the
12 reduced amount of credit has been carried to a different
13 taxable year, an amended return shall be filed for such taxable
14 year to reduce the amount of credit claimed.

15 (j) Training expense credit. Beginning with tax years
16 ending on or after December 31, 1986 and prior to December 31,
17 2003, a taxpayer shall be allowed a credit against the tax
18 imposed by subsections (a) and (b) under this Section for all
19 amounts paid or accrued, on behalf of all persons employed by
20 the taxpayer in Illinois or Illinois residents employed outside
21 of Illinois by a taxpayer, for educational or vocational
22 training in semi-technical or technical fields or semi-skilled
23 or skilled fields, which were deducted from gross income in the
24 computation of taxable income. The credit against the tax
25 imposed by subsections (a) and (b) shall be 1.6% of such
26 training expenses. For partners, shareholders of subchapter S

1 corporations, and owners of limited liability companies, if the
2 liability company is treated as a partnership for purposes of
3 federal and State income taxation, there shall be allowed a
4 credit under this subsection (j) to be determined in accordance
5 with the determination of income and distributive share of
6 income under Sections 702 and 704 and subchapter S of the
7 Internal Revenue Code.

8 Any credit allowed under this subsection which is unused in
9 the year the credit is earned may be carried forward to each of
10 the 5 taxable years following the year for which the credit is
11 first computed until it is used. This credit shall be applied
12 first to the earliest year for which there is a liability. If
13 there is a credit under this subsection from more than one tax
14 year that is available to offset a liability the earliest
15 credit arising under this subsection shall be applied first. No
16 carryforward credit may be claimed in any tax year ending on or
17 after December 31, 2003.

18 (k) Research and development credit. For tax years ending
19 after July 1, 1990 and prior to December 31, 2003, and
20 beginning again for tax years ending on or after December 31,
21 2004, and ending prior to January 1, 2016, a taxpayer shall be
22 allowed a credit against the tax imposed by subsections (a) and
23 (b) of this Section for increasing research activities in this
24 State. The credit allowed against the tax imposed by
25 subsections (a) and (b) shall be equal to 6 1/2% of the
26 qualifying expenditures for increasing research activities in

1 this State. For partners, shareholders of subchapter S
2 corporations, and owners of limited liability companies, if the
3 liability company is treated as a partnership for purposes of
4 federal and State income taxation, there shall be allowed a
5 credit under this subsection to be determined in accordance
6 with the determination of income and distributive share of
7 income under Sections 702 and 704 and subchapter S of the
8 Internal Revenue Code.

9 For purposes of this subsection, "qualifying expenditures"
10 means the qualifying expenditures as defined for the federal
11 credit for increasing research activities which would be
12 allowable under Section 41 of the Internal Revenue Code and
13 which are conducted in this State, "qualifying expenditures for
14 increasing research activities in this State" means the excess
15 of qualifying expenditures for the taxable year in which
16 incurred over qualifying expenditures for the base period,
17 "qualifying expenditures for the base period" means the average
18 of the qualifying expenditures for each year in the base
19 period, and "base period" means the 3 taxable years immediately
20 preceding the taxable year for which the determination is being
21 made.

22 Any credit in excess of the tax liability for the taxable
23 year may be carried forward. A taxpayer may elect to have the
24 unused credit shown on its final completed return carried over
25 as a credit against the tax liability for the following 5
26 taxable years or until it has been fully used, whichever occurs

1 first; provided that no credit earned in a tax year ending
2 prior to December 31, 2003 may be carried forward to any year
3 ending on or after December 31, 2003.

4 If an unused credit is carried forward to a given year from
5 2 or more earlier years, that credit arising in the earliest
6 year will be applied first against the tax liability for the
7 given year. If a tax liability for the given year still
8 remains, the credit from the next earliest year will then be
9 applied, and so on, until all credits have been used or no tax
10 liability for the given year remains. Any remaining unused
11 credit or credits then will be carried forward to the next
12 following year in which a tax liability is incurred, except
13 that no credit can be carried forward to a year which is more
14 than 5 years after the year in which the expense for which the
15 credit is given was incurred.

16 No inference shall be drawn from this amendatory Act of the
17 91st General Assembly in construing this Section for taxable
18 years beginning before January 1, 1999.

19 (1) Environmental Remediation Tax Credit.

20 (i) For tax years ending after December 31, 1997 and on
21 or before December 31, 2001, a taxpayer shall be allowed a
22 credit against the tax imposed by subsections (a) and (b)
23 of this Section for certain amounts paid for unreimbursed
24 eligible remediation costs, as specified in this
25 subsection. For purposes of this Section, "unreimbursed
26 eligible remediation costs" means costs approved by the

1 Illinois Environmental Protection Agency ("Agency") under
2 Section 58.14 of the Environmental Protection Act that were
3 paid in performing environmental remediation at a site for
4 which a No Further Remediation Letter was issued by the
5 Agency and recorded under Section 58.10 of the
6 Environmental Protection Act. The credit must be claimed
7 for the taxable year in which Agency approval of the
8 eligible remediation costs is granted. The credit is not
9 available to any taxpayer if the taxpayer or any related
10 party caused or contributed to, in any material respect, a
11 release of regulated substances on, in, or under the site
12 that was identified and addressed by the remedial action
13 pursuant to the Site Remediation Program of the
14 Environmental Protection Act. After the Pollution Control
15 Board rules are adopted pursuant to the Illinois
16 Administrative Procedure Act for the administration and
17 enforcement of Section 58.9 of the Environmental
18 Protection Act, determinations as to credit availability
19 for purposes of this Section shall be made consistent with
20 those rules. For purposes of this Section, "taxpayer"
21 includes a person whose tax attributes the taxpayer has
22 succeeded to under Section 381 of the Internal Revenue Code
23 and "related party" includes the persons disallowed a
24 deduction for losses by paragraphs (b), (c), and (f)(1) of
25 Section 267 of the Internal Revenue Code by virtue of being
26 a related taxpayer, as well as any of its partners. The

1 credit allowed against the tax imposed by subsections (a)
2 and (b) shall be equal to 25% of the unreimbursed eligible
3 remediation costs in excess of \$100,000 per site, except
4 that the \$100,000 threshold shall not apply to any site
5 contained in an enterprise zone as determined by the
6 Department of Commerce and Community Affairs (now
7 Department of Commerce and Economic Opportunity). The
8 total credit allowed shall not exceed \$40,000 per year with
9 a maximum total of \$150,000 per site. For partners and
10 shareholders of subchapter S corporations, there shall be
11 allowed a credit under this subsection to be determined in
12 accordance with the determination of income and
13 distributive share of income under Sections 702 and 704 and
14 subchapter S of the Internal Revenue Code.

15 (ii) A credit allowed under this subsection that is
16 unused in the year the credit is earned may be carried
17 forward to each of the 5 taxable years following the year
18 for which the credit is first earned until it is used. The
19 term "unused credit" does not include any amounts of
20 unreimbursed eligible remediation costs in excess of the
21 maximum credit per site authorized under paragraph (i).
22 This credit shall be applied first to the earliest year for
23 which there is a liability. If there is a credit under this
24 subsection from more than one tax year that is available to
25 offset a liability, the earliest credit arising under this
26 subsection shall be applied first. A credit allowed under

1 this subsection may be sold to a buyer as part of a sale of
2 all or part of the remediation site for which the credit
3 was granted. The purchaser of a remediation site and the
4 tax credit shall succeed to the unused credit and remaining
5 carry-forward period of the seller. To perfect the
6 transfer, the assignor shall record the transfer in the
7 chain of title for the site and provide written notice to
8 the Director of the Illinois Department of Revenue of the
9 assignor's intent to sell the remediation site and the
10 amount of the tax credit to be transferred as a portion of
11 the sale. In no event may a credit be transferred to any
12 taxpayer if the taxpayer or a related party would not be
13 eligible under the provisions of subsection (i).

14 (iii) For purposes of this Section, the term "site"
15 shall have the same meaning as under Section 58.2 of the
16 Environmental Protection Act.

17 (m) Education expense credit. Beginning with tax years
18 ending after December 31, 1999, a taxpayer who is the custodian
19 of one or more qualifying pupils shall be allowed a credit
20 against the tax imposed by subsections (a) and (b) of this
21 Section for qualified education expenses incurred on behalf of
22 the qualifying pupils. The credit shall be equal to 25% of
23 qualified education expenses, but in no event may the total
24 credit under this subsection claimed by a family that is the
25 custodian of qualifying pupils exceed \$500. In no event shall a
26 credit under this subsection reduce the taxpayer's liability

1 under this Act to less than zero. This subsection is exempt
2 from the provisions of Section 250 of this Act.

3 For purposes of this subsection:

4 "Qualifying pupils" means individuals who (i) are
5 residents of the State of Illinois, (ii) are under the age of
6 21 at the close of the school year for which a credit is
7 sought, and (iii) during the school year for which a credit is
8 sought were full-time pupils enrolled in a kindergarten through
9 twelfth grade education program at any school, as defined in
10 this subsection.

11 "Qualified education expense" means the amount incurred on
12 behalf of a qualifying pupil in excess of \$250 for tuition,
13 book fees, and lab fees at the school in which the pupil is
14 enrolled during the regular school year.

15 "School" means any public or nonpublic elementary or
16 secondary school in Illinois that is in compliance with Title
17 VI of the Civil Rights Act of 1964 and attendance at which
18 satisfies the requirements of Section 26-1 of the School Code,
19 except that nothing shall be construed to require a child to
20 attend any particular public or nonpublic school to qualify for
21 the credit under this Section.

22 "Custodian" means, with respect to qualifying pupils, an
23 Illinois resident who is a parent, the parents, a legal
24 guardian, or the legal guardians of the qualifying pupils.

25 (n) River Edge Redevelopment Zone site remediation tax
26 credit.

1 (i) For tax years ending on or after December 31, 2006,
2 a taxpayer shall be allowed a credit against the tax
3 imposed by subsections (a) and (b) of this Section for
4 certain amounts paid for unreimbursed eligible remediation
5 costs, as specified in this subsection. For purposes of
6 this Section, "unreimbursed eligible remediation costs"
7 means costs approved by the Illinois Environmental
8 Protection Agency ("Agency") under Section 58.14a of the
9 Environmental Protection Act that were paid in performing
10 environmental remediation at a site within a River Edge
11 Redevelopment Zone for which a No Further Remediation
12 Letter was issued by the Agency and recorded under Section
13 58.10 of the Environmental Protection Act. The credit must
14 be claimed for the taxable year in which Agency approval of
15 the eligible remediation costs is granted. The credit is
16 not available to any taxpayer if the taxpayer or any
17 related party caused or contributed to, in any material
18 respect, a release of regulated substances on, in, or under
19 the site that was identified and addressed by the remedial
20 action pursuant to the Site Remediation Program of the
21 Environmental Protection Act. Determinations as to credit
22 availability for purposes of this Section shall be made
23 consistent with rules adopted by the Pollution Control
24 Board pursuant to the Illinois Administrative Procedure
25 Act for the administration and enforcement of Section 58.9
26 of the Environmental Protection Act. For purposes of this

1 Section, "taxpayer" includes a person whose tax attributes
2 the taxpayer has succeeded to under Section 381 of the
3 Internal Revenue Code and "related party" includes the
4 persons disallowed a deduction for losses by paragraphs
5 (b), (c), and (f) (1) of Section 267 of the Internal Revenue
6 Code by virtue of being a related taxpayer, as well as any
7 of its partners. The credit allowed against the tax imposed
8 by subsections (a) and (b) shall be equal to 25% of the
9 unreimbursed eligible remediation costs in excess of
10 \$100,000 per site.

11 (ii) A credit allowed under this subsection that is
12 unused in the year the credit is earned may be carried
13 forward to each of the 5 taxable years following the year
14 for which the credit is first earned until it is used. This
15 credit shall be applied first to the earliest year for
16 which there is a liability. If there is a credit under this
17 subsection from more than one tax year that is available to
18 offset a liability, the earliest credit arising under this
19 subsection shall be applied first. A credit allowed under
20 this subsection may be sold to a buyer as part of a sale of
21 all or part of the remediation site for which the credit
22 was granted. The purchaser of a remediation site and the
23 tax credit shall succeed to the unused credit and remaining
24 carry-forward period of the seller. To perfect the
25 transfer, the assignor shall record the transfer in the
26 chain of title for the site and provide written notice to

1 the Director of the Illinois Department of Revenue of the
2 assignor's intent to sell the remediation site and the
3 amount of the tax credit to be transferred as a portion of
4 the sale. In no event may a credit be transferred to any
5 taxpayer if the taxpayer or a related party would not be
6 eligible under the provisions of subsection (i).

7 (iii) For purposes of this Section, the term "site"
8 shall have the same meaning as under Section 58.2 of the
9 Environmental Protection Act.

10 (Source: P.A. 96-115, eff. 7-31-09; 96-116, eff. 7-31-09;
11 96-937, eff. 6-23-10; 96-1000, eff. 7-2-10; 96-1496, eff.
12 1-13-11; 97-2, eff. 5-6-11; 97-636, eff. 6-1-12; 97-905, eff.
13 8-7-12.)

14 (35 ILCS 5/901) (from Ch. 120, par. 9-901)

15 Sec. 901. Collection Authority.

16 (a) In general.

17 The Department shall collect the taxes imposed by this Act.
18 The Department shall collect certified past due child support
19 amounts under Section 2505-650 of the Department of Revenue Law
20 (20 ILCS 2505/2505-650). Except as provided in subsections (c)
21 ~~and~~ (e), ~~(f)~~, and ~~(g)~~ of this Section, money collected
22 pursuant to subsections (a) and (b) of Section 201 of this Act
23 shall be paid into the General Revenue Fund in the State
24 treasury; money collected pursuant to subsections (c) and (d)
25 of Section 201 of this Act shall be paid into the Personal

1 Property Tax Replacement Fund, a special fund in the State
2 Treasury; and money collected under Section 2505-650 of the
3 Department of Revenue Law (20 ILCS 2505/2505-650) shall be paid
4 into the Child Support Enforcement Trust Fund, a special fund
5 outside the State Treasury, or to the State Disbursement Unit
6 established under Section 10-26 of the Illinois Public Aid
7 Code, as directed by the Department of Healthcare and Family
8 Services.

9 (b) Local Government Distributive Fund.

10 Beginning August 1, 1969, and continuing through June 30,
11 1994, the Treasurer shall transfer each month from the General
12 Revenue Fund to a special fund in the State treasury, to be
13 known as the "Local Government Distributive Fund", an amount
14 equal to 1/12 of the net revenue realized from the tax imposed
15 by subsections (a) and (b) of Section 201 of this Act during
16 the preceding month. Beginning July 1, 1994, and continuing
17 through June 30, 1995, the Treasurer shall transfer each month
18 from the General Revenue Fund to the Local Government
19 Distributive Fund an amount equal to 1/11 of the net revenue
20 realized from the tax imposed by subsections (a) and (b) of
21 Section 201 of this Act during the preceding month. Beginning
22 July 1, 1995 and continuing through January 31, 2011, and
23 beginning again on February 1, 2013, the Treasurer shall
24 transfer each month from the General Revenue Fund to the Local
25 Government Distributive Fund an amount equal to the net of (i)
26 1/10 of the net revenue realized from the tax imposed by

1 subsections (a) and (b) of Section 201 of the Illinois Income
2 Tax Act during the preceding month (ii) minus, beginning July
3 1, 2003 and ending June 30, 2004, \$6,666,666, and beginning
4 July 1, 2004, zero. Beginning February 1, 2011, and continuing
5 through January 31, 2013, January 31, 2015, the Treasurer shall
6 transfer each month from the General Revenue Fund to the Local
7 Government Distributive Fund an amount equal to the sum of (i)
8 6% (10% of the ratio of the 3% individual income tax rate prior
9 to 2011 to the 5% individual income tax rate after 2010) of the
10 net revenue realized from the tax imposed by subsections (a)
11 and (b) of Section 201 of this Act upon individuals, trusts,
12 and estates during the preceding month and (ii) 6.86% (10% of
13 the ratio of the 4.8% corporate income tax rate prior to 2011
14 to the 7% corporate income tax rate after 2010) of the net
15 revenue realized from the tax imposed by subsections (a) and
16 (b) of Section 201 of this Act upon corporations during the
17 preceding month. ~~Beginning February 1, 2015 and continuing~~
18 ~~through January 31, 2025, the Treasurer shall transfer each~~
19 ~~month from the General Revenue Fund to the Local Government~~
20 ~~Distributive Fund an amount equal to the sum of (i) 8% (10% of~~
21 ~~the ratio of the 3% individual income tax rate prior to 2011 to~~
22 ~~the 3.75% individual income tax rate after 2014) of the net~~
23 ~~revenue realized from the tax imposed by subsections (a) and~~
24 ~~(b) of Section 201 of this Act upon individuals, trusts, and~~
25 ~~estates during the preceding month and (ii) 9.14% (10% of the~~
26 ~~ratio of the 4.8% corporate income tax rate prior to 2011 to~~

1 ~~the 5.25% corporate income tax rate after 2014) of the net~~
2 ~~revenue realized from the tax imposed by subsections (a) and~~
3 ~~(b) of Section 201 of this Act upon corporations during the~~
4 ~~preceding month. Beginning February 1, 2025, the Treasurer~~
5 ~~shall transfer each month from the General Revenue Fund to the~~
6 ~~Local Government Distributive Fund an amount equal to the sum~~
7 ~~of (i) 9.23% (10% of the ratio of the 3% individual income tax~~
8 ~~rate prior to 2011 to the 3.25% individual income tax rate~~
9 ~~after 2024) of the net revenue realized from the tax imposed by~~
10 ~~subsections (a) and (b) of Section 201 of this Act upon~~
11 ~~individuals, trusts, and estates during the preceding month and~~
12 ~~(ii) 10% of the net revenue realized from the tax imposed by~~
13 ~~subsections (a) and (b) of Section 201 of this Act upon~~
14 ~~corporations during the preceding month. Net revenue realized~~
15 ~~for a month shall be defined as the revenue from the tax~~
16 ~~imposed by subsections (a) and (b) of Section 201 of this Act~~
17 ~~which is deposited in the General Revenue Fund, the Education~~
18 ~~Assistance Fund, and the Income Tax Surcharge Local Government~~
19 ~~Distributive Fund, ~~the Fund for the Advancement of Education,~~~~
20 ~~and the Commitment to Human Services Fund during the month~~
21 ~~minus the amount paid out of the General Revenue Fund in State~~
22 ~~warrants during that same month as refunds to taxpayers for~~
23 ~~overpayment of liability under the tax imposed by subsections~~
24 ~~(a) and (b) of Section 201 of this Act.~~

25 (c) Deposits Into Income Tax Refund Fund.

26 (1) Beginning on January 1, 1989 and thereafter, the

1 Department shall deposit a percentage of the amounts
2 collected pursuant to subsections (a) and (b) (1), (2), and
3 (3), of Section 201 of this Act into a fund in the State
4 treasury known as the Income Tax Refund Fund. The
5 Department shall deposit 6% of such amounts during the
6 period beginning January 1, 1989 and ending on June 30,
7 1989. Beginning with State fiscal year 1990 and for each
8 fiscal year thereafter, the percentage deposited into the
9 Income Tax Refund Fund during a fiscal year shall be the
10 Annual Percentage. For fiscal years 1999 through 2001, the
11 Annual Percentage shall be 7.1%. For fiscal year 2003, the
12 Annual Percentage shall be 8%. For fiscal year 2004, the
13 Annual Percentage shall be 11.7%. Upon the effective date
14 of this amendatory Act of the 93rd General Assembly, the
15 Annual Percentage shall be 10% for fiscal year 2005. For
16 fiscal year 2006, the Annual Percentage shall be 9.75%. For
17 fiscal year 2007, the Annual Percentage shall be 9.75%. For
18 fiscal year 2008, the Annual Percentage shall be 7.75%. For
19 fiscal year 2009, the Annual Percentage shall be 9.75%. For
20 fiscal year 2010, the Annual Percentage shall be 9.75%. For
21 fiscal year 2011, the Annual Percentage shall be 8.75%. For
22 fiscal year 2012, the Annual Percentage shall be 8.75%. For
23 fiscal year 2013, the Annual Percentage shall be 9.75%. For
24 all other fiscal years, the Annual Percentage shall be
25 calculated as a fraction, the numerator of which shall be
26 the amount of refunds approved for payment by the

1 Department during the preceding fiscal year as a result of
2 overpayment of tax liability under subsections (a) and
3 (b) (1), (2), and (3) of Section 201 of this Act plus the
4 amount of such refunds remaining approved but unpaid at the
5 end of the preceding fiscal year, minus the amounts
6 transferred into the Income Tax Refund Fund from the
7 Tobacco Settlement Recovery Fund, and the denominator of
8 which shall be the amounts which will be collected pursuant
9 to subsections (a) and (b) (1), (2), and (3) of Section 201
10 of this Act during the preceding fiscal year; except that
11 in State fiscal year 2002, the Annual Percentage shall in
12 no event exceed 7.6%. The Director of Revenue shall certify
13 the Annual Percentage to the Comptroller on the last
14 business day of the fiscal year immediately preceding the
15 fiscal year for which it is to be effective.

16 (2) Beginning on January 1, 1989 and thereafter, the
17 Department shall deposit a percentage of the amounts
18 collected pursuant to subsections (a) and (b) (6), (7), and
19 (8), (c) and (d) of Section 201 of this Act into a fund in
20 the State treasury known as the Income Tax Refund Fund. The
21 Department shall deposit 18% of such amounts during the
22 period beginning January 1, 1989 and ending on June 30,
23 1989. Beginning with State fiscal year 1990 and for each
24 fiscal year thereafter, the percentage deposited into the
25 Income Tax Refund Fund during a fiscal year shall be the
26 Annual Percentage. For fiscal years 1999, 2000, and 2001,

1 the Annual Percentage shall be 19%. For fiscal year 2003,
2 the Annual Percentage shall be 27%. For fiscal year 2004,
3 the Annual Percentage shall be 32%. Upon the effective date
4 of this amendatory Act of the 93rd General Assembly, the
5 Annual Percentage shall be 24% for fiscal year 2005. For
6 fiscal year 2006, the Annual Percentage shall be 20%. For
7 fiscal year 2007, the Annual Percentage shall be 17.5%. For
8 fiscal year 2008, the Annual Percentage shall be 15.5%. For
9 fiscal year 2009, the Annual Percentage shall be 17.5%. For
10 fiscal year 2010, the Annual Percentage shall be 17.5%. For
11 fiscal year 2011, the Annual Percentage shall be 17.5%. For
12 fiscal year 2012, the Annual Percentage shall be 17.5%. For
13 fiscal year 2013, the Annual Percentage shall be 14%. For
14 all other fiscal years, the Annual Percentage shall be
15 calculated as a fraction, the numerator of which shall be
16 the amount of refunds approved for payment by the
17 Department during the preceding fiscal year as a result of
18 overpayment of tax liability under subsections (a) and
19 (b) (6), (7), and (8), (c) and (d) of Section 201 of this
20 Act plus the amount of such refunds remaining approved but
21 unpaid at the end of the preceding fiscal year, and the
22 denominator of which shall be the amounts which will be
23 collected pursuant to subsections (a) and (b) (6), (7), and
24 (8), (c) and (d) of Section 201 of this Act during the
25 preceding fiscal year; except that in State fiscal year
26 2002, the Annual Percentage shall in no event exceed 23%.

1 The Director of Revenue shall certify the Annual Percentage
2 to the Comptroller on the last business day of the fiscal
3 year immediately preceding the fiscal year for which it is
4 to be effective.

5 (3) The Comptroller shall order transferred and the
6 Treasurer shall transfer from the Tobacco Settlement
7 Recovery Fund to the Income Tax Refund Fund (i) \$35,000,000
8 in January, 2001, (ii) \$35,000,000 in January, 2002, and
9 (iii) \$35,000,000 in January, 2003.

10 (d) Expenditures from Income Tax Refund Fund.

11 (1) Beginning January 1, 1989, money in the Income Tax
12 Refund Fund shall be expended exclusively for the purpose
13 of paying refunds resulting from overpayment of tax
14 liability under Section 201 of this Act, for paying rebates
15 under Section 208.1 in the event that the amounts in the
16 Homeowners' Tax Relief Fund are insufficient for that
17 purpose, and for making transfers pursuant to this
18 subsection (d).

19 (2) The Director shall order payment of refunds
20 resulting from overpayment of tax liability under Section
21 201 of this Act from the Income Tax Refund Fund only to the
22 extent that amounts collected pursuant to Section 201 of
23 this Act and transfers pursuant to this subsection (d) and
24 item (3) of subsection (c) have been deposited and retained
25 in the Fund.

26 (3) As soon as possible after the end of each fiscal

1 year, the Director shall order transferred and the State
2 Treasurer and State Comptroller shall transfer from the
3 Income Tax Refund Fund to the Personal Property Tax
4 Replacement Fund an amount, certified by the Director to
5 the Comptroller, equal to the excess of the amount
6 collected pursuant to subsections (c) and (d) of Section
7 201 of this Act deposited into the Income Tax Refund Fund
8 during the fiscal year over the amount of refunds resulting
9 from overpayment of tax liability under subsections (c) and
10 (d) of Section 201 of this Act paid from the Income Tax
11 Refund Fund during the fiscal year.

12 (4) As soon as possible after the end of each fiscal
13 year, the Director shall order transferred and the State
14 Treasurer and State Comptroller shall transfer from the
15 Personal Property Tax Replacement Fund to the Income Tax
16 Refund Fund an amount, certified by the Director to the
17 Comptroller, equal to the excess of the amount of refunds
18 resulting from overpayment of tax liability under
19 subsections (c) and (d) of Section 201 of this Act paid
20 from the Income Tax Refund Fund during the fiscal year over
21 the amount collected pursuant to subsections (c) and (d) of
22 Section 201 of this Act deposited into the Income Tax
23 Refund Fund during the fiscal year.

24 (4.5) As soon as possible after the end of fiscal year
25 1999 and of each fiscal year thereafter, the Director shall
26 order transferred and the State Treasurer and State

1 Comptroller shall transfer from the Income Tax Refund Fund
2 to the General Revenue Fund any surplus remaining in the
3 Income Tax Refund Fund as of the end of such fiscal year;
4 excluding for fiscal years 2000, 2001, and 2002 amounts
5 attributable to transfers under item (3) of subsection (c)
6 less refunds resulting from the earned income tax credit.

7 (5) This Act shall constitute an irrevocable and
8 continuing appropriation from the Income Tax Refund Fund
9 for the purpose of paying refunds upon the order of the
10 Director in accordance with the provisions of this Section.

11 (e) Deposits into the Education Assistance Fund and the
12 Income Tax Surcharge Local Government Distributive Fund.

13 On July 1, 1991, and thereafter, of the amounts collected
14 pursuant to subsections (a) and (b) of Section 201 of this Act,
15 minus deposits into the Income Tax Refund Fund, the Department
16 shall deposit 7.3% into the Education Assistance Fund in the
17 State Treasury. Beginning July 1, 1991, and continuing through
18 January 31, 1993, of the amounts collected pursuant to
19 subsections (a) and (b) of Section 201 of the Illinois Income
20 Tax Act, minus deposits into the Income Tax Refund Fund, the
21 Department shall deposit 3.0% into the Income Tax Surcharge
22 Local Government Distributive Fund in the State Treasury.
23 Beginning February 1, 1993 and continuing through June 30,
24 1993, of the amounts collected pursuant to subsections (a) and
25 (b) of Section 201 of the Illinois Income Tax Act, minus
26 deposits into the Income Tax Refund Fund, the Department shall

1 deposit 4.4% into the Income Tax Surcharge Local Government
2 Distributive Fund in the State Treasury. Beginning July 1,
3 1993, and continuing through June 30, 1994, of the amounts
4 collected under subsections (a) and (b) of Section 201 of this
5 Act, minus deposits into the Income Tax Refund Fund, the
6 Department shall deposit 1.475% into the Income Tax Surcharge
7 Local Government Distributive Fund in the State Treasury.

8 (f) (Blank). ~~Deposits into the Fund for the Advancement of~~
9 ~~Education. Beginning February 1, 2015, the Department shall~~
10 ~~deposit the following portions of the revenue realized from the~~
11 ~~tax imposed upon individuals, trusts, and estates by~~
12 ~~subsections (a) and (b) of Section 201 of this Act during the~~
13 ~~preceding month, minus deposits into the Income Tax Refund~~
14 ~~Fund, into the Fund for the Advancement of Education:~~

15 ~~(1) beginning February 1, 2015, and prior to February~~
16 ~~1, 2025, 1/30; and~~

17 ~~(2) beginning February 1, 2025, 1/26.~~

18 ~~If the rate of tax imposed by subsection (a) and (b) of~~
19 ~~Section 201 is reduced pursuant to Section 201.5 of this Act,~~
20 ~~the Department shall not make the deposits required by this~~
21 ~~subsection (f) on or after the effective date of the reduction.~~

22 (g) (Blank). ~~Deposits into the Commitment to Human Services~~
23 ~~Fund. Beginning February 1, 2015, the Department shall deposit~~
24 ~~the following portions of the revenue realized from the tax~~
25 ~~imposed upon individuals, trusts, and estates by subsections~~
26 ~~(a) and (b) of Section 201 of this Act during the preceding~~

1 ~~month, minus deposits into the Income Tax Refund Fund, into the~~
2 ~~Commitment to Human Services Fund:~~

3 ~~(1) beginning February 1, 2015, and prior to February~~
4 ~~1, 2025, 1/30; and~~

5 ~~(2) beginning February 1, 2025, 1/26.~~

6 ~~If the rate of tax imposed by subsection (a) and (b) of~~
7 ~~Section 201 is reduced pursuant to Section 201.5 of this Act,~~
8 ~~the Department shall not make the deposits required by this~~
9 ~~subsection (g) on or after the effective date of the reduction.~~

10 (Source: P.A. 96-45, eff. 7-15-09; 96-328, eff. 8-11-09;
11 96-959, eff. 7-1-10; 96-1496, eff. 1-13-11; 97-72, eff. 7-1-11;
12 97-732, eff. 6-30-12.)

13 (30 ILCS 105/5.786 rep.)

14 (30 ILCS 105/5.787 rep.)

15 (30 ILCS 105/6z-85 rep.)

16 (30 ILCS 105/6z-86 rep.)

17 Section 15. The State Finance Act is amended by repealing
18 Sections 5.786, 5.787, 6z-85, and 6z-86.

19 (35 ILCS 5/201.5 rep.)

20 Section 20. The Illinois Income Tax Act is amended by
21 repealing Section 201.5.

22 Section 99. Effective date. This Act takes effect upon
23 becoming law.